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July 31, 2006

VIA HAND DELIVERY

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Charles Terreni, Chief Clerk and Administrator
ATTN: Docketing Department
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Post Office Box 11649
Columbia, SC 29210

Re: Managed Services, Inc.
Docket No. 2006-154-C
Our File No.: 4490.001

Dear Mr. Terreni:

Enclosed please find the original and twenty-six (26) copies of the Direct Testimony of Steve ~~Magnissis~~ ^{Maginnis} for filing regarding the above-referenced matter.

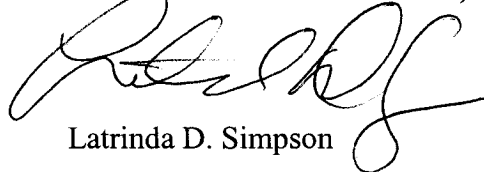
Please clock stamp the copy and return it to my office by using the self addressed stamped envelope provided.

If you have any questions regarding aforementioned, please do not hesitate to contact me.

With kind regards, I am

Sincerely yours,

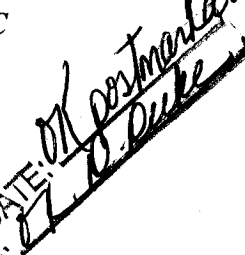
CALLISON TIGHE & ROBINSON, LLC


Latrinda D. Simpson

LDS/kas

Enclosures

cc: Steve Maginnis (w/encls.)
Florence P. Belser, Esq. (w/ encls.)
Leslie Hammonds, Esq. (w/encls)
M. John Bowen, Jr., Esq. (w/encls)
Margaret M. Fox, Esq. (w/encls)
4490.001\PSC.002

RETURN DATE: 7/31
SERVICE: 

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2006-154-C

IN RE:

Application of Managed Services, Incorporated for a)	
Certificate of Public Convenience and Necessity to)	
Provide Facilities Based Local Exchange, and Resold)	DIRECT TESTIMONY OF
Local Exchange Services, Resold Long Distance)	STEVE MAGINNIS
Telecommunications Services and for Flexible Regulation)	
of Its Local Exchange Services and Alternative Regulation)	
of Its Long Distance Service Offering)	

1 **Q: Please state your name, your business address and title.**

2 A: My name is Steve Maginnis, and my business address is 672 Spyglass Way, Rock Hill, South
3 Carolina, 29730. My title is President/ CEO of Managed Services, Inc., also referred to as
4 MSI.

5 **Q: Please state your qualifications.**

6 A: I am currently CEO/President of MSI and have been so since 2003. MSI is a single source
7 provider for Triple Play plus Security in Multi and Single Master Planned Communities. I
8 manage all aspects of the construction of infrastructure, business development, and
9 operations. My responsibilities include formulating strategic planning and partnering for
10 voice, video, data and security. I also negotiate long-term contracts for recurring revenue.
11 From 2000 to 2003, I served as President of Communication Services, Inc., a
12 telecommunications infrastructure provider with construction revenue of \$15 million. I

1 managed all aspects of operations and construction, including overseeing over 200
2 employees. Additionally, my duties included developing strategic plans, negotiating long-
3 term business development contracts, and overseeing agreements with developers. I also
4 designed and implemented organizational changes for growth in the Southeast, established
5 compensation and bonus programs, built partnership agreements to construct fiber
6 infrastructures, established facility-based CLEC operations, and developed partnership in
7 fiber duct systems and wireless tower ownership for added revenue. From 1998 to 2000, I
8 served as Director and Vice President of Network Services for ALLTEL Communications
9 where I oversaw the converged engineering and operations network. In this role, I
10 implemented a new-products purchase program for CLEC, developed the CLEC service
11 activation/application organization and processes, and completed a \$10 million fiber-ring
12 product for CLEC. For nine years prior to that, from 1989 to 1998, I served as the President
13 of ALLTEL Carolina, Inc., which entailed overseeing the total day-to-day operations for both
14 North Carolina and South Carolina residential and business service. I managed a \$250
15 million budget with \$700 million in revenue. My qualifications based on my years of
16 professional experience in the telecommunications industry include strategic planning,
17 budget development, trouble shooting/resolving, wire line/wireless/ CLEC expertise, sales
18 and marketing experience, bottom-line analysis, customer and client satisfaction, and
19 decisive decision- making skills. I also hold a Bachelors degree in Political Science from the
20 Citadel.

21 **Q: What is the purpose of your testimony?**

22 **A:** The purpose of my testimony to present evidence describing the technical, managerial, and

1 financial fitness of MSI to provide resale and facilities-based local exchange
2 telecommunications services throughout the State of South Carolina. This testimony will
3 also describe the services to be provided by MSI in its proposed tariff. Finally, my testimony
4 will show that the MSI will serve the public interest upon the approval of its application for
5 a Certificate of Public Convenience and Necessity.

6 **Q: Are all of the statements in MSI's application correct and true to the best of your**
7 **knowledge, information and belief?**

8 A: Yes.

9 **Q: Do you wish to incorporate by reference any documents into this testimony?**

10 A: Yes. I wish to incorporate, by reference, the application filed MSI in this proceeding, as well
11 as any exhibits attached thereto.

12 **Q: Do you ratify and confirm the statements and representations made in that application**
13 **and all exhibits thereto?**

14 A: Yes. I would also like to point out that after careful consideration, I revised my CLEC
15 application in late July. MSI filed a motion to amend its application on July 31, 2006, to
16 include a revised business plan *Pro Forma* financial statements, and a letter from the bank
17 regarding its finances. My original business plan was rather ambitious and aggressive. In
18 light of changes in the telecommunications industry, upcoming re-write of the Telecom Act,
19 and changes in state regulatory rules, I revised my business plan to allow MSI to experience
20 a better opportunity for success until the aforementioned issues settle. I ratify and confirm
21 the statements in my original application filed on June 7, 2006, but I also ratify and confirm
22 the statements and representations made in MSI's revised business plan and amended

1 financial documentation.

2 **Q: Has MSI registered to do business in South Carolina?**

3 A: Yes. MSI received a Certificate of Authorization in South Carolina on December 28, 2004.

4 A copy is attached as Exhibit 1 to this testimony.

5 **Q: Has anything occurred since the application of MSI was filed on June 7, 2006 that**
6 **materially changes representations made therein?**

7 A: Yes. As stated previously, MSI has revised its business plan and submitted new financial
8 *Pro Forma* documents. The new business plan is slightly less aggressive than the previous
9 plan and considers more of the trends which may have an impact on the success of the
10 business. The amended *Pro Forma* financials and bank information to support the new plan.

11 **Q: Please describe the current corporate structure of MSI.**

12 A: MSI is a private corporation incorporated in the State of North Carolina. MSI is solely
13 owned and has a single shareholder; however, it plans to include the possibility of offering
14 private shares for investors. Current investors and loans would be of a non-equity nature.
15 MSI has one officer who serves as President/CEO. There are no other officers or directors.
16 MSI has no affiliations with any other telecommunications company. Also, MSI has not no
17 parent company, subsidiaries, or affiliates.

18 **Q: Does MSI have the requisite managerial, technical, and financial abilities to provide**
19 **service for which it has applied?**

20 A: Yes.

21 **Q: Please describe the technical and managerial qualifications of MSI.**

22 A: MSI has managerial experience in the telecommunications industry and other service

1 industries that allow it to be a successful competitive local exchange provider. MSI's
2 management has experience in multiple facets of the telecommunications industry, including
3 but not limited to developing infrastructures, installing networks, marketing, designing and
4 implementing products and processes, troubleshooting, and providing customer service. This
5 extensive background and expertise in multiple aspects of the telecommunications industry
6 makes MSI's management well-qualified to operate a business that offers facilities-based
7 local exchange service and resold long distance service in South Carolina. Specific details
8 of the business and technical experience of MSI's management were attached to the
9 application as Exhibit 2.

10 **Q: Please describe applicant's financial abilities.**

11 A: MSI will have access to adequate funds for its operation as evidence by the financial backing
12 letter and *Pro Forma* financial information. These documents are attached as Exhibit 3.
13 MSI will have access to additional funds from various investors.

14 **Q: What services will MSI offer?**

15 A: MSI will offer state-of-art Fiber To The Home Technology ("FTTH") to its customers.
16 These services will focus on residential, small office, and home office customers. MSI will
17 partner with local providers for a single point of contact for telephone service and repairs,
18 high speed internet with computer support, and video. At a later time, MSI may expand its
19 service offerings to include a broad range of products and services.

20 **Q: Does MSI intend to offer prepaid debit card service in South Carolina?**

21 A: Not at this time. MSI is aware the Commission's \$5,000 bond or Certificate of Deposit
22 requirement associated with prepaid debit card services. Should MSI decide to offer this

1 service, it will file the necessary paperwork with the Commission.

2 **Q: How will MSI bill for its services?**

3 A: MSI will bill all of its end-user customers directly. MSI does not intend to use a billing
4 agent, billing clearinghouse, or other outside entity to issue bills to its customers. MSI will
5 bill all end-user customers and provide a toll-free number for customer inquiries and
6 complaints.

7 **Q: How are trouble reports and customers' complaints going to be handled?**

8 A: MSI will make arrangements for its customers to call the company at a toll-free number. This
9 number will be provided on the monthly bill to the customers. Customers may contact MSI
10 with billing related questions between the hours of 7:00 a.m. to 9:00 p.m., Monday through
11 Friday for live assistance. There will be a voice mail option to leave inquires after these
12 hours. This information will also be printed on the monthly bill. Lastly, customers may
13 contact MSI in writing at the headquarters' address and via email at
14 Smaginnis@comporium.net.

15 **Q: Does MSI have an office in South Carolina.**

16 A: Yes. MSI currently has an office in South Carolina. Should this location change, MSI has
17 requested a waiver S.C. Reg. 103-610 to be allowed to maintain its books and records at its
18 headquarters location if this is ever outside South Carolina. MSI agrees to provide access
19 to the Commission or ORS, at its own expense, should either entity need to inspect MSI
20 books and records which may be located outside of the state.

21 **Q: Does MSI intend to publish telephone directories or file an operating area map with**
22 **the Commission?**

1 A: No. MSI will contract for the placement of its customers' information with the existing
2 directory publishers. MSI requests a waiver of this requirement. Furthermore, MSI requests
3 that it not be required to file an operating area map with the Commission because it will be
4 operating within the existing service areas of incumbent local exchange carriers ("ILECs").

5 **Q: By what method will MSI keep its financial records?**

6 A: MSI uses Generally Accepted Accounting Principles ("GAAP"). MSI requests that it be
7 exempt from any financial recording rules or regulations that require a carrier to maintain its
8 financial records in conformance with the Uniform System of Accounts ("USOA").

9 **Q: How will MSI market its services?**

10 A: MSI strives to be the total "multiple-media" manager for voice, video, and data. MSI will
11 partner with local providers for a single point of contact for telephone service and repairs,
12 high-speed internet with computer support, and video. MSI will also sell advertising space
13 on websites.

14 **Q: Has MSI obtained authority to provide its services in any other states?**

15 A: Yes. MSI has a CLEC license in North Carolina. Additionally, MSI may seek to obtain a
16 CLEC license for authority to provide its services in other states at a later time.

17 **Q: Please describe the proposed tariffs filed by MSI.**

18 A: MSI has included proposed tariffs for its services, which contain the rules, regulations, and
19 rates for service. These tariffs should comport with all applicable Commission rules and
20 Orders; however, MSI agrees to make any suggested changes by the Commission or ORS
21 necessary to comply with all applicable authority.

22 **Q: Will MSI provide any equipment or facilities in connection with its services?**

1 A: Yes. Some of services offered by MSI will require the customers to utilize equipment
2 provided by MSI. Additionally, although MSI plans to focus on resold services, it plans to
3 eventually expand its business to provide facilities-based services.

4 **Q: Will granting a certificate to MSI serve the public interest of South Carolina**
5 **customers?**

6 A: MSI is well-qualified to operate a business in South Carolina and, therefore, granting a
7 certificate would serve the public interest of South Carolina customers. MSI's management
8 has developed and implemented numerous innovative ideas which have enhanced the
9 telecommunications industry and provided a better product for customers. MSI plans to offer
10 the same competitive benefits and services to South Carolina customers.

11 **Q: Will MSI offer services offered by rural telecommunications providers or independent**
12 **telecommunication providers?**

13 A: Yes. MSI will offer service to customers served by rural telecommunications provider and
14 independent providers. However, MSI plans to enter into a Stipulation with the South
15 Carolina Telephone Coalition and offer its services pursuant to the terms of their agreement.

16 **Q: Who is knowledgeable about MSI's operations and will serve as the contact for the**
17 **Commission, ORS and the public?**

18 A: As president and CEO of MSI, I am knowledgeable of the operations and I will serve as the
19 contact for the Commission and ORS. All ongoing matters regarding compliance should
20 be directed to my at the following: Steve Maginnis, Managed Services, Inc., President/CEO,
21 672 Spyglass Way, Rock Hill, South Carolina, 29730; by telephone at (704) 321-4176;
22 facsimile at (704) 341-4176; or by email at smaginnis@comporium.net. All customer

1 inquires that are written may be directed to the same physical address, facsimile number, and
2 email address. All customer inquires via telephone maybe made using MSI's toll-free
3 number, which will be established a later date.

4 **Q: What regulatory treatment has MSI sought in connection with this Docket?**

5 A: MSI requests that the Commission regulate its local telecommunications services in
6 accordance with principles and procedures established for flexible regulation in Order Nos.
7 98-165 and Docket No. 97-467-C. MSI also requests that the Commission regulate its long-
8 distance offering in accordance with principles and procedures established for alternative
9 regulations in Orders No. 95-1734 and 96-55 and Docket No. 95-661-C, and as modified by
10 Order No. 2001-997 in Docket No. 2000-407-C. MSI also plans to use leased network
11 elements provided to pursuant Section 251 and leased network elements provided pursuant
12 to Section 271.

13 **Q: Will MSI comply with all of applicable rules, regulations, and Orders the Commission?**

14 A: Yes.

15 **Q: Does this conclude your testimony?**

16 A: Yes.

The State of South Carolina



Office of Secretary of State Mark Hammond

Certificate of Authorization

I, Mark Hammond, Secretary of State of South Carolina Hereby certify that:

MANAGED SERVICES, INC.,
a corporation duly organized under the laws of the state of **NORTH CAROLINA**
and issued a certificate of authority to transact business in South Carolina on
December 28th, 2004, has on the date hereof filed all reports due this office,
paid all fees, taxes and penalties owed to the Secretary of State, that the
Secretary of State has not mailed notice to the Corporation that its authority to
transact business in South Carolina is subject to being revoked pursuant to
Section 33-15-310 of the 1976 South Carolina Code, and no application for
surrender of authority to do business in South Carolina has been filed in this
office as of the date hereof.

Given under my Hand and the Great
Seal of the State of South Carolina this
11th day of April, 2006.

A handwritten signature in cursive script that reads "Mark Hammond".

Mark Hammond, Secretary of State

M Managed S Services

I Inc

MSI BUSINESS PLAN

Executive Summary:

MSI, Managed Services, Inc. ("MSI") has been formed as a new company, solely owner and operated as an S corporation in NC. MSI is authorized to do business in SC.

MSI has its CLEC license in NC.

MSI will, through agreements and partnerships, provide multiple-media services to communities and subdivisions. We will design, engineer, install, and maintain facilities. Our primary focus will be in new subdivisions.

Our Marketing will be focused on Residential, Small Office/Home Office (SO/HO), and some Commercial. MSI will develop and maintain the community web site, as well as generate income by providing support services to residents and web advertising. Over the past 3 years, MSI has established relationships with various large developers in the Carolinas.

MSI began as a consulting firm for those wanting to provide Triple Play over Copper and Coax facilities. Former employees in the Communications and Cable TV business are excited about joining MSI or partnering to provide the expertise needed.

The SC CLEC license would be used as follows:

1. To negotiate Interconnect Agreements (ICA) with existing ILECS;
2. To engage in number portability/interconnect/and other arrangements as required by FCC, State Regulatory Staffs, and Commissions;
3. To connect between communities;
4. To establish fiber connect points between specific points for transport

Objectives:

Profit:

To produce sufficient profit to fund future growth via recurring revenue and to provide the resources needed to achieve other objectives of the company and investors.

Growth:

To grow the business at a challenging yet manageable pace. Growth is predicted to be at approximately 8-12 customers per month, per subdivision in the first year.

Citizenship:

We expect to be an intellectual and social asset in the communities we serve. Both as an integral part of the communities' disaster team and volunteering at events.

MSI Plan:

- ✓ MSI will sign agreements with Developers to manage infrastructure engineering, construction, and cut over
 - ✓ MSI will be the Developer's preferred provider
 - ✓ MSI will maintain the infrastructure and record-keeping for a fee
 - ✓ MSI will be able to purchase the facility 2 years after the buildout
 - ✓ MSI will design the community web site and maintain for a monthly fee to the HOA
 - ✓ MSI will have an agreement to install all the power/cable TV, and telco drops for all service providers
 - ✓ MSI will sell wiring warranties, voice mail boxes, and sub out computer repairs
 - ✓ MSI will work with the Developer annually re: Revenue share
 - ✓ MSI will sub contract most of the technical aspects through partnerships and business relationships
- MSI would negotiate on behalf of the Developer for ISP, and Video providers

Mission:

Purpose:

MSI will provide state-of-the-art Fiber To The Home ("FTTH") technology at an affordable rate. Although mostly residential in nature, some small office and home office (SO/HO) services will be provided. According to recent studies, FTTH increases the Developer's property value and provides a unique marketing approach.

Vision:

By providing fast response, informed expertise, and consistently high quality solutions, MSI will generate satisfied repeat customers thus providing a stable retained base. This satisfaction will lead to long-term agreements.

Marketing:

MSI strives to be the total "multi-media manager" for voice, video, data. MSI will partner with local providers for a single point of contact for telephone service and repairs, High-speed internet with computer support, and Video.

Additional revenues will be obtained via web site development and the selling of advertising space on those sites.

Keys to Success:

Responsiveness:

A fast/quality response.

Quality:

Getting the job done right the first time.

Relationships:

Developing loyal repeat customers.

Company Summary:

(see spread sheet attached)

Company Ownership:

MSI is a solely-owned company. Our plans include the possibilities of offering "private shares" for investors. Current investors and loans would be of a non-equity nature

Company History:

History is short; however, several former industry employees have assisted in consulting services to other CLEC's.

Company Location:

At present I am working from my home at 672 Spyglass Way, Rock Hill, SC.

Local offices will be established as needed to present a local presence in the communities served.

Our plan is to occupy office space in the local area or within the communities for easy access and quick response.

Start-Up Summary:

(See attached spreadsheet)

BB&T**Branch Banking & Trust Co.**

310 East John Street (28105)
P.O. Box 127
Matthews, NC 28106

July 31, 2006

Mr. Steve Maginnis, President
MSI
672 Spyglass Way
Rock Hill, SC 29730

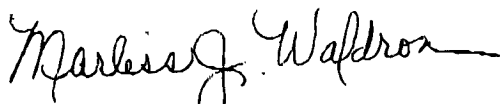
Mr. Rocce Williams
Callison, Tighe & Robinson, LLC
1812 Lincoln Street
Columbia, SC 29201

Gentlemen:

By way of this letter, BB&T confirms that MSI has a balance of \$25,190.18 in its business checking account.

Please let me know if you need any further assistance.

Sincerely,



Marliss J. Waldron
Vice President
Business Banker
704-847-5124